NEPI Rockcastle N.V. Incorporated and registered in the Netherlands
Registration number: 87488329
Share code: NRP ISIN: NL0015000RT3 ("**NEPI Rockcastle**" or "**the Company**" or "**the Group**")

DIRECTORS' COMMENTARY

All information below excludes joint ventures, unless otherwise stated

CEO'S STATEMENT

"In 2023 NEPI Rockcastle generated the highest distributable earnings per share (DEPS) in its history, exceeding the previous record set in 2019. This marks not only a complete recovery from the effects of the Covid-19 pandemic, but also a sustainable step-up in performance determined by continuing investments in our portfolio. Throughout the year we updated our guidance to the upside as we took note of the strong results coming in. Even so, the 17% increase in recurring DEPS achieved (9.3% on a nominal basis) exceeded our latest update.

The bedrock of our results is the operational performance of the property portfolio. Several factors explain the jump in Net Operating Income (NOI) by 21% year-on-year to €491 million. The acquisitions made in late-2022 contributed significantly to performance as did a 13% increase in like-for-like NOI. Inflation protection through the indexation clauses embedded in our lease agreements has served NEPI Rockcastle well during the high inflationary environment in CEE over the past two years. Active asset management achieved rental uplifts averaging 8% above indexation on new lettings and renewals. The growth in turnover rents and short-term income outpaced that of base rents in 2023. The recovery of operating expenses through tenant contributions improved, leading to lower unrecovered costs than in 2022.

The Company's robust results were underpinned by strong sales from our tenants and a confident CEE consumer. We saw a significant improvement in all key trading data, with tenant sales up 12.6% and consumer spend per basket rising 7.8%, while footfall was 4.6% higher. The strong trading performance has helped to maintain balance between the Company's and our tenants' results, reflected in a stable occupancy cost ratio (OCR) of 12.2%. The drop in vacancy to 2.2% further proves the appeal of our properties for retailers.

We continued to strengthen our balance sheet to protect against macroeconomic risks and ensure the resources for future growth. To this end, we offered shareholders the option for scrip dividends, which increased liquidity and reduced the loan to value ratio (LTV) to 32.2%, well below our upper threshold of 35%. We also contracted a €387 million unsecured green loan from the International Finance Corporation (IFC) to enable the redemption of bonds maturing in November 2024 irrespective of the conditions in the capital markets. The strong operating performance of our properties led to a valuation uplift of €165 million, overcoming a negative shift in market yields.

Sustainable growth remains a key focus for NEPI Rockcastle. In 2023 we delivered Promenada Craiova in southern Romania, the largest new retail scheme to open in CEE in 2023, and completed the Group's first residential project, both on time and on budget. Sustainability lies at the core of our operations and developments and we are making significant progress to reduce emissions and increase the energy efficiency of our assets, as part of a comprehensive sustainability strategy launched in 2022. The shining example of our progress in this area is the fact that we are now producing solar energy at 27 of our Romanian properties.

NEPI Rockcastle has delivered remarkable results in 2023. The markets that we operate in are forecast to have some of the strongest GDP growth in Europe in 2024, which bodes well not only for consumer confidence and the performance of our tenants, but also for NEPI Rockcastle's continued growth."

Rüdiger Dany, Chief Executive Officer (CEO)

HIGHLIGHTS

Earnings per share beat guidance to increase by 17.1% (on a recurring basis)

- Distributable earnings per share (DEPS) for the second half (H2) of 2023 was 28.46 euro cents, which, when combined with the interim DEPS of 28.52 euro cents, results in annual DEPS of 56.98 euro cents, 9.3% higher than in 2022 (52.15 euro cents).
- DEPS for 2022 included the non-recurring positive impact of 3.51 euro cents from the reversal of a provision for litigation related to the discontinued acquisition of the Serenada and Krokus shopping centres in Poland, recognised in 2021. On a recurring basis, i.e. excluding the impact of accounting for these litigation claims, DEPS for 2023 were 17.1% higher than for 2022.
- Actual DEPS growth was 2.3 percentage points higher than the 7% latest guidance issued in December 2023. Half of the upside was due to better-than-expected operational results in fourth quarter (Q4) of 2023. The remaining portion of the upside resulted from €4 million lower than expected tax expenses due to the application of a fiscal unity regime for the Group's two companies domiciled in the Netherlands.
- The Board has declared a dividend of 25.61 euro cents per share for H2 2023, corresponding to a 90% dividend pay-out ratio, to be settled as capital repayment (default option). NEPI Rockcastle shareholders can also elect for the settlement of the same dividend amount as an ordinary cash dividend out of distributable profits.

Rental uplifts (including indexation), acquisitions, surging turnover rent and higher short-term income help NOI grow by 21%

- Net rental and related income (referred to as 'Net Operating Income' or 'NOI') was up 21% from 2022 at €491 million. Like-for-like (LFL) NOI growth was 13% excluding the impact from the three acquisitions made in 2022.
- Gross rental income increased by 21%, from €422 million in 2022 to €510 million in 2023. Base rent was up 18%, driven by indexation, rental uplifts and higher occupancy. Strong tenant sales led to a 29% increase in overage and turnover rent, while short-term income grew by 26%.
- Unrecovered operating costs declined slightly, despite a 25% increase in property operating expenses, helped by better tenant recoveries (+27%).

Strong operating performance continues, with increased tenant sales, footfall and average spend

- Tenant turnover increased by 12.6% (excluding hypermarkets) compared to 2022 on a LFL basis. The growth in sales easily exceeded inflation and shows continuing consumer confidence.
- There were more than 337 million visits to the Group's shopping centres in 2023, a 14.2% increase compared to 2022. On a LFL basis, footfall increased by 4.6% vs 2022.
- The average basket size went up by 7.8%, maintaining the trend of previous years and fuelling strong turnover growth.

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DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

- Occupancy cost ratio (OCR) was 12.2% in 2023 (excluding hypermarkets), almost the same as in 2022 (12.1%), as rental uplifts and better cost recoveries were offset by higher tenant sales. OCR has been on a downward path since 2020 and has now stabilised at a sustainable level.

- The collection rate was 98% of 2023 reported revenues as of 31 December 2023, increasing to over 99% by mid-February 2024.

Higher rents and lower vacancy drive up the fair value of the Group's properties

- Investment property as of 31 December 2023 was valued at €6.8 billion, compared to €6.6 billion at the end of 2022. The increase is due to investments in developments, as well as positive fair value adjustments of €165 million. Investment property held for sale were €152 million on 31 December 2023 (up from €19 million at the end of 2022), bringing the total value of the Group's portfolio to €6.9 billion.

- The revaluation uplift was driven by higher estimated rental values, supported in turn by the excellent performance of the assets in 2023. Valuation yields increased by 15 basis points on average to reflect changing capital markets conditions.

- European Public Real Estate Association (EPRA) vacancy decreased to 2.2%, from 2.7% in 2022. For retail properties the EPRA vacancy rate was 2.1% (down from 2.5% in the previous year).

- EPRA Net Reinstatement Value (NRV) per share was €6.98 as of 31 December 2023, a 2% increase compared to €6.84 as of 31 December 2022, mostly due to the revaluation of the property portfolio.

The Group delivers on ambitious plans for sustainable growth

- NEPI Rockcastle invested €197 million in developments and capex expenditures in 2023 (including investment in residential project, Vulcan Residence), up from €154 million in the previous year.

- In 2023 the Group completed the development of Promenada Craiova, a 63,700m^2 Gross Leasable Area (GLA) retail scheme in one of Romania's largest regional cities, and Vulcan Residence, a residential project in Bucharest with 254 apartments. Promenada Craiova was the largest retail asset to open in the CEE region in 2023.

- Ongoing development projects include the extension of Promenada Bucharest, the redevelopment of Bonarka City Center and the extension of Ploiesti Shopping City. Other projects are currently under permitting.

- A green energy program launched in 2022 continued with the installation of photovoltaic panels in 17 new locations in 2023. The Group now produces solar energy at 27 of its Romanian properties, ensuring ca. 25% of those assets' energy needs. Management is currently assessing a major roll out of the program, which could become a significant source of income for the Group in future years.

- The Group's sustainability objectives go well beyond renewable electricity production. In 2023 it launched a Sustainability-Linked Finance Framework as an alternative green funding approach and aligned its sustainability targets to the Science Based Targets initiative (SBTi). Both actions raise the standard for environmental performance that the Group holds itself to, by introducing new and more stringent commitments for emissions reduction and energy efficiency.

Conservative funding structure (LTV 32%) with increasingly green features

- The Group's liquidity position as of 31 December 2023 was €909 million, including €339 million in cash and €570 million in undrawn committed credit facilities.

- Loan-to-value (LTV) was 32.2% as of 31 December 2023, comfortably below the strategic upper threshold of 35%.

- In December 2023 NEPI Rockcastle entered into a €387 million senior unsecured facility with the IFC, structured as a green loan with sustainability-linked features. The facility matures in January 2029 and was fully disbursed in February 2024. The facility gives the Group enough liquidity to cover almost 80% of the repayment of the bond maturing in November 2024.

- The average interest rate, including hedging, was 2.5% for 2023 (2.3% for 2022). Interest rates are either fixed or hedged for 100% of outstanding debt.

- Most of the Group's funding (64%) as of February 2024 has green or sustainability-linked features.

- The Group is currently assigned a long-term corporate credit rating of BBB (stable outlook) from Standard & Poor's Rating Services and BBB+ (stable outlook) from Fitch Ratings.

OPERATING PERFORMANCE

Trading summary

We achieved a better than expected performance in 2023, after a strong post-pandemic recovery in 2022, supported by robust consumer demand and increasing tenant interest for the Group's properties. All major trading indicators (footfall, turnovers, average basket, occupancy) continued to increase steadily from the already high levels reached in 2022.

On a LFL basis footfall increased by 4.6% over the year. There was positive year on year (YOY) growth in each quarter, the pace accelerating slightly in Q4 (+1.9%) compared to third quarter (Q3) (+1.1%). The growth in traffic from the levels seen after fully reopening in 2022 post-Covid is very encouraging and demonstrates the strength of the CEE consumer, despite macroeconomic headwinds.

Tenant sales in 2023 were 12.6% higher on a LFL basis than in 2022. A double-digit growth rate was achieved every quarter except Q3 (+8.4%), accelerating again in Q4 when sales increased by 10.2% YOY. Customers continued to spend more per visit, the average basket size increasing by 7.8%.

The strong tenant performance allowed for a sustainable increase in rents and expense recoveries. In 2023 OCR was 12.2% (excluding hypermarkets), almost the same as in 2022 (12.1%), a relatively low level which is both attractive for tenants and leaves room for further rental uplifts, as well as providing some protection against possible future cost increases.

DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

Tenant sales increased in all retail categories monitored by the Group. The strongest YOY performers were Health and Beauty (+24.4%) and Services (+23.9%). Entertainment did very well too, as the production of movie blockbusters resumed. Fashion, the largest segment, had one of the lowest growth rates of all categories but was still solid at 8.4%.

Energy costs and overall cost inflation continued to be relatively high throughout most of 2023 despite a reduction in the second half of the year. This pushed up property operating expenses by 25% YOY but was offset by improved recovery, which reached 93% in 2023 (compared to 91% in 2022). As a result, unrecovered expenses decreased slightly from €19.5 million in 2022 to €18.9 million in 2023.

Leasing

Strong tenant demand for space in the Group's properties led to a decrease in EPRA vacancy to 2.2% at the end of 2023 (from 2.7% on 31 December 2022). For retail properties, vacancy was 2.1% (down from 2.5%), while office and industrial properties had a vacancy rate of 10.1% (compared to 13.0% in 2022).

NEPI Rockcastle concluded 461 new leases (for 100,600m^2, 5% of total GLA) in 2023. International tenants accounted for 57% of new leases signed. Another 846 leases (188,100m^2 of GLA) were renewed during the year.

The average rental uplift in 2023 was 8.1% (excluding indexation), supported by asset management initiatives (e.g. re-sizing, merging of units etc.). The base rental uplift on renewals and reletting on a LFL basis was 7.2%.

New stores opened in 2023 include Zara (Promenada Craiova and Serdika Center), Lefties (Promenada Craiova), Reserved (Ploiesti Shopping City), Sinsay (Paradise Center), Half Price (Karolinka Shopping Centre).

DEVELOPMENT UPDATE

During 2023, the Group invested approximately €197 million in developments and capex.

The largest development project completed by NEPI Rockcastle in 2023, Promenada Craiova, opened to the public in October. Craiova is the largest city in the south-west of Romania, with a population of ca. 250,000 inhabitants. Comprising a shopping centre of 53,700m^2 GLA and a retail park of 10,000m^2 GLA, the property is the largest retail asset to open in CEE in 2023. It is also the Group's first development where renewable energy production was integrated over the parking areas, supplying 70% of the energy needed by the shopping centre and its tenants. Construction started in February 2022. A wide range of international brands opened stores in Promenada Craiova, including the first Lefties (an Inditex value brand) store in CEE.

The installation of photovoltaic panels on Romanian properties continued as planned in 2023. By the year end, the Group had built a total installed power capacity of 36 MW and was producing green energy in 27 locations. Management is now assessing options to expand the project.

Vulcan Residence in Bucharest, NEPI Rockcastle's first residential project, was also completed in 2023. Out of the 254 apartments (with a total area of 18,300m^2), 186 have been sold.

NEPI Rockcastle has a very promising development pipeline, with a total current cost of over €600 million (including extensions and redevelopments of existing assets together with the rollout of the green energy investment), which is expected to deliver significant growth over the coming years. All ongoing development projects are on track for completion within the envisaged schedule.

SUSTAINABILITY FOCUS

Environmental initiatives

In 2023, NEPI Rockcastle achieved substantial progress towards reaching its ambitious sustainability objectives:

- The Group's ESG ratings continued to improve, with Sustainalytics updating its risk rating from Low to Negligible, while the GRESB score increased by one notch, from two to three stars, in both operations and developments.
- Photovoltaic plants were installed in 27 locations across Romanian properties (17 more than at the end of 2022).
- The Group has affirmed its commitment to a net zero path, based on SBTi-aligned targets.
- NEPI Rockcastle has updated its Green Financing Framework (GFF) with the introduction of more stringent eligibility criteria for financing or refinancing the assets or expenditures defined as "Eligible Green Projects" and has launched its Sustainability-Linked Finance Framework as an alternative green funding approach.
- LED lights have been implemented in 91% of the Group's properties (by GLA).

Corporate governance

The Group applied for a Dutch fiscal unity regime for its two companies domiciled in the Netherlands (Nepi Rockcastle N.V. and NE Property B.V.) after the relocation of the parent company to the Netherlands in September 2022. The decision on the fiscal unity regime was granted in 2023 with retroactive effect from the relocation date of the parent company (6 September 2022). Consequently, starting 6 September 2022, NEPI Rockcastle N.V. became the sole Dutch income taxpayer of the Group. The application of the fiscal unity regime with retroactive effect lowered the expected tax expense by €4 million.

INDEPENDENT AUDITOR'S REVIEW REPORT

The review report on the Group's condensed consolidated financial statements has been issued by Ernst & Young Inc. (EY South Africa), who expressed an unmodified review report thereon.

The consolidated and separate financial statements for the year ended 31 December 2023 are scheduled for publication on 20 March 2024, together with the annual integrated report. The audit report on the consolidated and separate financial statements is expected to be issued by Ernst & Young Inc. (EY South Africa) together with Ernst & Young Accountants LLP (EY Netherlands).

ACCOUNTING AND VALUATION MATTERS

Valuation

NEPI Rockcastle fair values its portfolio twice a year. Fair value is determined by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the geography and category of properties being assessed.

Appraiser	Locations	Percentage of portfolio
Cushman & Wakefield	Croatia, Czech Republic, Hungary, Lithuania, Poland, Serbia and Slovakia	54%
Colliers International	Romania and Bulgaria	46%

For the year ended 31 December 2023, the Group recognised a fair value gain in relation to investment property portfolio of €165 million.

EPRA INDICATORS

EPRA indicators	31 December 2023	31 December 2022
EPRA Earnings (€ thousand)	365,593	317,870
EPRA Earnings per share (€ cents per share)	56.38	52.29
EPRA Net Initial Yield ('NIY')	6.94%	6.80%
EPRA topped-up NIY	6.97%	6.86%
EPRA vacancy rate	2.2%	2.7%
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.98	6.84
EPRA Net Tangible Assets ('NTA') (€ per share)	6.95	6.81
EPRA Net Disposal Value ('NDV') (€ per share)	6.52	6.58
EPRA Cost ratio (including direct vacancy cost)	10.2%	11.7%
EPRA Cost ratio (excluding direct vacancy cost)	10.1%	11.6%

CASH MANAGEMENT AND DEBT

The Group had strong liquidity as of 31 December 2023, with €339 million in cash and €570 million in undrawn committed credit facilities.

NEPI Rockcastle's gearing ratio (interest bearing debt less cash, divided by investment property) was 32.2% as of 31 December 2023, below the strategic threshold of 35% and comfortably within debt covenants.

As of 31 December 2023, ratios for unsecured loans and bonds showed ample headroom compared to covenant thresholds.

- Solvency Ratio: 0.38 actual, compared to maximum 0.6 requirement.
- Consolidated Coverage Ratio: 6.06 actual, compared to minimum 2 requirement.
- Unencumbered consolidated total assets/unsecured consolidated total debt: 269% actual compared to a minimum 150% requirement.

Funding and liability management

In March 2023 the Group concluded a €200 million secured green loan which matures in June 2028. The loan proceeds were used to repay the revolving credit facilities utilised for the acquisition of Forum Gdansk Shopping Center and Copernicus Shopping Centre, restoring the revolving facility capacity.

In 2023, NEPI Rockcastle extended the contractual maturities related to unsecured committed revolving credit facilities as follows:

- the revolving credit facility from BRD-Groupe Société Générale and Garanti Bank was extended for one year, until July 2026, with the maximum principal available maintained at €170 million;
- the revolving credit facility from ING Bank was extended for one year, until July 2026, with the maximum principal available maintained at €100 million; and
- the revolving credit facility from a three-bank syndicate lead by Deutsche Bank AG as arranger, was extended for three years, until January 2027, with the maximum principal available decreased to €150 million.

A total of €570 million of available unsecured committed revolving credit facilities remain undrawn as at 31 December 2023 including the above committed revolving credit facilities together with the revolving credit facility of a maximum limit of €150 million with Raiffeisen Bank International.

In February 2024, the Group extended the maturity of the revolving credit facility with Raiffeisen Bank International until January 2027 and increased the maximum limit to €196 million, with Erste Group Bank joining the facility. Consequently, the revolving credit facilities' capacity reached €616 million.

In December 2023, NEPI Rockcastle entered into a €387 million green financing agreement with the IFC, a member of the World Bank Group and the largest global development institution focused on the private sector in emerging markets. The senior unsecured facility is structured as a green loan with sustainability-linked features, aimed at reducing greenhouse gas emissions and increasing energy efficiency in the Group's property portfolio. The facility matures in January 2029 and was disbursed in February 2024. The facility has been put in place to cater for the repayment of the upcoming bond maturing in November 2024.

Cost of debt

The average interest rate of the Group's debt, including hedging, was approximately 2.5% during 2023 (2022: 2.3%).

As of 31 December 2023, fixed-coupon bonds represented 78% of NEPI Rockcastle's outstanding debt. Out of the remaining long-term debt exposed to Euribor, 79% was hedged with interest rate caps and 21% with interest rate swaps.

EARNINGS DISTRIBUTION 2023

The Board has declared a dividend of 25.61 euro cents per share for H2 2023, corresponding to a 90% dividend pay-out ratio, to be settled as capital repayment (default option). NEPI Rockcastle

DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

shareholders can also elect for the settlement of the same dividend amount as ordinary cash dividend out of distributable profits.

In line with Dutch legislation, the capital repayment will be paid to shareholders unless they elect to receive the ordinary cash dividend option.

A circular containing full details of the dividend settlement, accompanied by announcements on the Stock Exchange News Service (SENS) of the JSE, A2X and Euronext Amsterdam will be issued in due course.

PROSPECTS AND EARNINGS GUIDANCE

Distributable earnings per share for 2024 are expected to be approximately 4% higher than the 2023 distributable earnings per share of 56.98 euro cents, with no change in the Company's current 90% dividend pay-out ratio. This guidance does not consider the impact of potential further political instability in the region, or systemic macroeconomic disruptions, and assumes a continuation of the trading trends observed to date. This guidance can be modified or withdrawn in the future if material changes unfold.

This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

By order of the Board of Directors

Rüdiger Dany
Chief Executive Officer (CEO)

Eliza Predoiu
Chief Financial Officer (CFO)

19 February 2024

BASIS OF PREPARATION

The condensed consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

They have been reviewed by EY South Africa who expressed an unmodified review report thereon, with an electronic copy available on https://nepirockcastle.com/wp-content/uploads/2024/02/Reviewed_Financial_Statements_2023.pdf. A copy of the auditors review report is available for inspection at the Company's registered office together with the reviewed Condensed Consolidated Financial Statements identified in the auditors review report. The auditor's review report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's review engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

The accounting policies are consistent with those applied for the preparation of the Annual Consolidated Financial Statements as at 31 December 2022.

The directors are responsible for the preparation and presentation of these Condensed Consolidated Financial Statements, which give a true and fair view on the state of affairs of the Group for the year ended
31 December 2023, as well as on the comparative periods presented.

The Condensed Consolidated Financial Statements are presented in Euro thousand (€' 000), rounded off to the nearest thousand, unless otherwise specified.

EPRA MEASURES

EPRA Earnings: Profit after tax attributable to the equity holders of the Company, excluding non-controlling interest, fair value adjustments of investment property, profits or losses on investment property disposals and related tax adjustment for losses on disposals, gains on acquisition of subsidiaries, acquisition costs, fair value and net result on sale of financial investments at fair value through profit or loss and deferred tax expense

EPRA Earnings Per Share: EPRA Earnings divided by the number of shares outstanding at the period or year-end

EPRA Net Reinstatement Value (EPRA NRV): Highlights the value of net assets on a long-term basis. It is computed as the net assets per the statement of financial position, excluding the goodwill, deferred taxation net balance and mark-to-market of interest rate derivatives (which represents assets and liabilities not expected to crystallise in normal course of business)

EPRA Net Tangible Assets (EPRA NTA): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax

EPRA Net Disposal Value (EPRA NDV): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA Net Initial Yield: Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the portfolio

EPRA 'topped-up' Yield: EPRA Net Initial Yield adjusted in respect of the annualised rent free at the balance sheet date

EPRA Vacancy Rate: Vacancy rate computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property

INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets	**6 993 897**	**6 764 255**
Investment property	6 824 990	6 596 137
— Investment property in use	6 627 247	6 331 793
— Investment property under development	197 743	264 344
Goodwill	76 804	76 804
Deferred tax assets	63 555	54 679
Other long-term assets	16 307	11 050
Derivative financial assets at fair value through profit or loss	12 241	25 585
Current assets	**458 577**	**367 300**
Trade and other receivables	93 465	85 496
Inventory property	17 266	20 694
Cash and cash equivalents	338 519	250 631
Derivative financial assets at fair value through profit or loss	9 327	10 479
Assets held for sale	**160 915**	**18 685**
TOTAL ASSETS	**7 613 389**	**7 150 240**
EQUITY AND LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	**4 304 761**	**3 898 721**
Equity attributable to equity holders	**4 304 761**	**3 898 721**
Share capital	6 608	6 070
Share premium	3 137 063	3 190 735
Other reserves	(7 637)	(4 656)
Accumulated profit	1 168 727	706 572
Total liabilities	**3 308 628**	**3 251 519**
Non-current liabilities	**2 582 925**	**3 052 373**
Bank loans	517 898	546 744
Bonds	1 485 621	1 978 708
Deferred tax liabilities	471 691	419 554
Lease liabilities	54 974	36 368
Loans from third parties	16 667	33 333
Other long-term liabilities	36 074	37 666
Current liabilities	**722 037**	**198 028**
Trade and other payables	154 333	136 670
Income tax payable*	20 187	18 332
Bank loans	15 823	11 157
Bonds	513 410	14 263
Lease liabilities	1 546	832
Loans from third parties	16 738	16 774
Liabilities directly associated with assets held for sale	**3 666**	**1 118**
TOTAL EQUITY AND LIABILITIES	**7 613 389**	**7 150 240**
Net Asset Value per share (euro)	6.51	6.42
EPRA Net Reinstatement Value per share (euro)**	6.98	6.84
Number of shares for Net Asset Value/EPRA Net Reinstatement Value	660 826 020	607 000 000

**At 31 December 2022, "Income tax payable" (with a carrying amount of €18,332 thousand) were presented in line "Trade and other payables". At December 2023, these are presented on separate line within "Current liabilities", with corresponding comparatives re-classified accordingly, to enhance presentation.*
***EPRA Net Reinstatement Value per share (alternative performance measure) is Net Asset Value per share adjusted for the effect of non-monetary balance sheet items, such as deferred tax, goodwill, and interest rate derivatives.*

INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Dec 2023	31 Dec 2022
Net rental and related income	**491 209**	**404 565**
Gross rental income	510 103	422 051
Service charge income	254 369	199 812
Property operating expenses	(273 263)	(219 388)
Partial forgiveness of receivables (Covid-19 forgiveness)	-	2 090
Administrative expenses	(33 369)	(30 381)
Reversal of litigation claim	-	21 304
Revenues from sales of inventory property	9 808	-
Cost of sales of inventory property	(7 076)	-
EBIT*	**460 572**	**395 488**
Fair value adjustments of investment property	164 470	141 701
Foreign exchange (loss)/gain	(1 187)	1 585
Gain on disposal of assets held for sale	5 641	1 121
Profit before net finance costs and other items	**629 496**	**539 895**
Finance income	6 891	3 511
Finance costs	(69 052)	(56 802)
Bank charges, commissions, and fees	(3 297)	(4 298)
Fair value adjustments of derivatives	(17 376)	37 946
Losses on extinguishment of financial instruments	-	(21 925)
Share of profit of joint ventures	-	3 280
Profit before tax	**546 662**	**501 607**
Income tax expense	**(69 861)**	**(66 334)**
Current tax expense	(28 334)	(23 068)
Deferred tax expense	(41 527)	(43 266)
Profit after tax	**476 801**	**435 273**
Total comprehensive income for the year	**476 801**	**435 273**
Profit attributable to:		
Non-controlling interest	-	106
Equity holders of the parent	476 801	435 167
Total comprehensive income attributable to:		
Non-controlling interest	-	106
Equity holders of the parent	476 801	435 167
Basic weighted average number of shares	633 150 875	607 756 809
Diluted weighted average number of shares	634 211 475	608 529 063
Basic earnings per share (euro cents) attributable to equity holders	75.31	71.60
Diluted earnings per share (euro cents) attributable to equity holders	75.18	71.51

** EBIT (Earnings Before Interest and Taxes) represents the Group's Operating profit, defined as Net rental and related income plus Revenue from sales of inventory property less Cost of sales of inventory property, less Administrative expenses and less Reversal of litigation claim (Depreciation and Amortisation are included in Administrative expenses).*

INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Other reserves	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2022	**6 090**	**3 550 061**	**(3 384)**	**162 155**	**5 320**	**3 720 242**
Transactions with owners	**(20)**	**(359 326)**	**(1 272)**	**109 250**	**(5 426)**	**(256 794)**
— Share premium reduction*	-	(350 000)	-	350 000	-	-
— Repurchase of shares	(20)	(9 326)	-	-	-	(9 346)
— Shares purchased for LTSIP**	-	-	(2 852)	-	-	(2 852)
— Share based payment expense	-	-	1 472	-	-	1 472
— LTSIP reserve release	-	-	108	-	-	108
— Earnings distribution	-	-	-	(241 223)	-	(241 223)
— Acquisition of Non-controlling interest	-	-	-	473	(5 426)	(4 953)
Total comprehensive income	**-**	**-**	**-**	**435 167**	**106**	**435 273**
— Profit for the year	-	-	-	435 167	106	435 273
Balance at 31 December 2022	**6 070**	**3 190 735**	**(4 656)**	**706 572**	**-**	**3 898 721**
Transactions with owners	**538**	**(53 672)**	**(2 981)**	**(14 646)**	**-**	**(70 761)**
— Share capital movements ^	53 240	(53 240)	-	-	-	-
— Earnings distribution - capital repayment***	(53 240)	-	-	-	-	(53 240)
— Earnings distribution - dividend out of accumulated profit***	-	-	-	(14 646)	-	(14 646)
— Earnings distribution - impact of foreign exchange hedges***	-	106	-	-	-	106
— Earnings distribution - scrip issue***	538	(538)	-	-	-	-
— Shares purchased for LTSIP*	-	-	(5 158)	-	-	(5 158)
— Share based payment expense	-	-	2 000	-	-	2 000
— LTSIP reserve release	-	-	177	-	-	177
Total comprehensive income	**-**	**-**	**-**	**476 801**	**-**	**476 801**
— Profit for the year	-	-	-	476 801	-	476 801
Balance at 31 December 2023	**6 608**	**3 137 063**	**(7 637)**	**1 168 727**	**-**	**4 304 761**

**During 2022, €350,000 thousand were transferred from share premium to accumulated profit, to ensure positive retained earnings at stand-alone parent company level.*
***LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*
**** The parent Company redomiciled from the Isle of Man to the Netherlands, effective from 6 September 2022. Starting the final distribution for 2022, declared in February 2023, as a result of the voting on the Extraordinary General Meeting ('EGM') held in November 2021, the Company implemented three possible alternatives for settlement of its distribution: capital repayment (default option), dividend out of accumulated profit and scrip issue, the latter one at the discretion of the Board. Previous to the above-mentioned redomiciliation and voting on the EGM, the two alternatives for settlement of the distribution were dividend out of profit (default option) and scrip issue, the latter one at the discretion of the Board.*
^Share capital movements relate to the net increase of the nominal value of the shares in respect to the shareholders that elected the distributions as capital repayment.

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Share code: NRP ISIN: NL0015000RT3 ("**NEPI Rockcastle**" or "**the Company**" or "**the Group**")

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RECONCILIATION OF PROFIT FOR THE YEAR TO DISTRIBUTABLE EARNINGS	31 Dec 2023	31 Dec 2022
Profit per IFRS Statement of comprehensive income attributable to equity holders of the parent	**476 801**	**435 167**
Accounting specific adjustments	**(107 357)**	**(118 112)**
Fair value adjustments of investment property	(164 470)	(141 701)
Depreciation and amortisation expense (in relation to property, plant, and equipment of an administrative nature)	1 469	1 469
Fair value adjustments of derivatives	17 376	(37 946)
Losses on extinguishment of financial instruments	-	21 925
Amortisation of financial assets	(2 997)	(1 940)
Deferred tax expense	41 527	43 266
Profit from inventory property sale	(2 732)	-
Gain on disposal of assets held for sale	(5 641)	(1 121)
Adjustments related to joint ventures:	**-**	**(1 727)**
Fair value adjustment of investment property for joint ventures	-	(1 632)
Fair value adjustments of derivatives for joint ventures	-	(407)
Depreciation in relation to property, plant, and equipment of an administrative nature for joint venture	-	(32)
Deferred tax expense for joint ventures	-	344
Adjustments related to non-controlling interest:	**-**	**7**
Fair value adjustment investment property for non-controlling interest	-	(1)
Deferred tax income for non-controlling interest	-	8
Antecedent earnings	**8 111**	**(344)**
Distributable earnings	**369 444**	**317 055**
Interim distributable earnings	(181 360)	(139 058)
Final distributable earnings	(188 084)	(177 997)
Distributable earnings per share (euro cents)	**56.98**	**52.15**
Interim distributable earnings per share (euro cents)	28.52	22.83
Final distributable earnings per share (euro cents)	28.46	29.32
Distribution declared	**332 500**	**308 155**
Interim distribution	163 224	139 058
Final distribution	169 276	169 097
Distribution declared per share (euro cents)	**51.28**	**50.68**
Interim distribution per share (euro cents)	25.67	22.83
Final distribution per share (euro cents)	25.61	27.85
Earnings not distributed	**36 944**	**8 900**
Interim earnings not distributed	18 136	-
Final earnings not distributed	18 808	8 900
Earnings not distributed per share (euro cents)	**5.70**	**1.47**
Earnings not distributed per share interim (euro cents)	2.85	1.47
Earnings not distributed per share final (euro cents)	2.85	-
Number of shares entitled to interim distribution	**635 830 268**	**608 994 907**
Number of shares entitled to final distribution	**660 826 020**	**607 000 000**

** Distributable earnings per share is prepared on a basis that is consistent with SA REIT funds from operations (SA REIT FFO) as set out in the SA REIT Association's Best Practice Recommendations Second Edition.*

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2023	31 Dec 2022
Net cash flows from operating activities	**366 896**	**298 607**
Expenditure on investment property under development	(193 048)	(142 941)
Acquisition of investment property and land	-	(316 998)
Acquisition of the remaining 50% stake in joint venture	-	(36 980)
Proceeds from disposal of assets held for sale	21 904	3 360
Net cash flows used in investing activities	**(171 144)**	**(493 559)**
Payment to acquire shares for LTSIP*	(5 158)	(2 852)
Sale of unvested shares under LTSIP	177	108
Repurchase of shares	-	(9 346)
Acquisition of non-controlling interest	-	(9 377)
Net movements in bank loans, bonds and other long-term liabilities	**(14 815)**	**209 905**
Proceeds from bank loans	200 000	260 000
Proceeds from bonds	-	493 566
Repayment of bank loans (including revolving credit facilities)	(214 815)	(25 563)
Repurchase of bonds	-	(496 020)
Premium paid on repurchase of bond	-	(21 925)
Cash received from pre-hedge instrument	-	4 075
Repayment of other long-term liabilities	-	(4 228)
Other payments	**(20 288)**	**(255)**
Repayments of lease liabilities	(742)	(255)
Premium paid on acquisitions of derivatives	(2 880)	-
Repayment of loans from third parties	(16 666)	-
Earnings distribution - Capital repayment and dividend out of accumulated profit**	(67 780)	(241 223)
Net cash flows used in financing activities	**(107 864)**	**(53 040)**
Net increase/(decrease) in cash and cash equivalents	**87 888**	**(247 992)**
Cash and cash equivalents brought forward	250 631	498 623
Cash and cash equivalents carried forward	**338 519**	**250 631**

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RECONCILIATION OF PROFIT FOR THE YEAR TO HEADLINE EARNINGS	31 Dec 2023	31 Dec 2022
Profit for the year attributable to equity holders of the parent	**476 801**	**435 167**
Fair value adjustments of investment property	(164 470)	(141 701)
Gain on disposal of assets held for sale	(5 641)	(1 121)
Tax effects of adjustments for investment property and gain on disposal of assets held for sale	27 090	22 212
Fair value adjustment of investment property for joint ventures	-	(1 632)
Tax effects of adjustments for joint ventures	-	261
HEADLINE EARNINGS	**333 780**	**313 186**
Basic weighted average number of shares	633 150 875	607 756 809
Diluted weighted average number of shares	634 211 475	608 529 063
Headline earnings per share (euro cents)	52.72	51.53
Diluted headline earnings per share (euro cents)	52.63	51.47

LEASE EXPIRY	2024	2025	2026	2027	2028	2029	2030	2031	2032	>=2033	Total
Total based on rental income	10.1%	19.8%	15.8%	13.2%	12.2%	10.3%	2.8%	1.5%	1.2%	13.1%	100.0%
Total based on rented area	6.7%	14.4%	14.2%	12.2%	12.1%	10.7%	3.5%	2.1%	2.0%	22.1%	100.0%

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RECONCILIATION OF IFRS NET ASSET VALUE TO EPRA NET REINSTATEMENT VALUE	31 Dec 2023	31 Dec 2022
Net Asset Value (per the Statement of financial position)	4 304 761	3 898 721
Deferred tax liabilities	472 348	420 665
Deferred tax assets	(65 885)	(54 679)
Goodwill	(76 804)	(76 804)
Derivative financial assets at fair value through profit or loss	(21 568)	(36 064)
EPRA Net Reinstatement Value	**4 612 852**	**4 151 839**
Number of shares	660 826 020	607 000 000
Net Asset Value per share (euro)	**6.51**	**6.42**
EPRA Net Reinstatement Value per share (euro)	**6.98**	**6.84**

SEGMENTAL ANALYSIS	Romania	Poland	Hungary	Slovakia	Bulgaria	Croatia	Czech Republic	Lithuania	Serbia	Total Segments	Unallocated	Total
Year ended 31 December 2023												
Net rental and related income	191 406	116 642	37 665	37 243	41 150	22 806	12 468	13 173	13 323	485 876	5 333	491 209
Gross rental and service charge income	299 119	189 580	57 022	56 965	60 810	33 941	19 948	18 574	19 847	755 806	8 666	764 472
Property operating expenses	(107 713)	(72 938)	(19 357)	(19 722)	(19 660)	(11 135)	(7 480)	(5 401)	(6 524)	(269 930)	(3 333)	(273 263)
Profit before net finance costs and other items	311 866	79 884	20 642	57 762	79 742	38 911	13 070	16 489	21 537	639 903	(10 407)	629 496
Investment property	2 695 522	1 819 636	576 206	526 123	503 167	288 930	179 810	156 560	-	6 745 954	79 036	6 824 990
Year ended 31 December 2022												
Net rental and related income	156 562	80 371	35 101	33 917	36 574	20 978	11 444	10 762	12 138	397 847	6 718	404 565
Gross rental and service charge income	246 205	130 303	49 011	51 934	51 020	30 748	18 169	16 024	17 910	611 324	10 539	621 863
Property operating expenses	(89 994)	(50 193)	(14 011)	(18 078)	(15 848)	(9 749)	(6 713)	(5 204)	(5 784)	(215 574)	(3 814)	(219 388)
Partial forgiveness of receivables (Covid-19 forgiveness)	351	261	101	61	1 402	(21)	(12)	(58)	12	2 097	(7)	2 090
Profit before net finance costs and other items	295 456	55 935	25 517	33 084	47 189	28 741	10 615	17 389	16 369	530 295	9 600	539 895
Investment property	2 423 226	1 802 833	585 900	503 583	455 443	272 490	175 200	152 030	137 100	6 507 805	88 332	6 596 137